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Loan Interests

ITA and PERF Deadline December 31st!

Ken Hollenzer

December 31, 2005, is the postmark deadline for the Notice of Intent to Apply form (ITA) and Priority Evaluation and Ranking Form (PERF) for State Fiscal Year 2007 projects.

You must submit an ITA and a PERF by this deadline if you intend to request funding from the Clean Water Fund Program (CWFP), the Safe Drinking Water Loan (SDWLP), or the Land Recycling Loan Program (LRLP) between July 1, 2006, and June 30, 2007. **We encourage you to submit ITAs and PERFs well in advance of the December 31 deadline.**

ITA Information

ITAs are valid for one state fiscal year. If your municipality submits an ITA by December 31 for a project but does not receive funding during the following fiscal year, you must submit another ITA to keep the project current with the Environmental Improvement Fund. If your municipality is planning to apply for funds for more than one project, you must submit a separate ITA for each project.

If you have questions about ITAs, contact Ken Hollenzer at 608-266-7542 or kenneth.hollenzer@dnr.state.wi.us.

PERF Information

If you already submitted a PERF for your project and there is no change in the scope of that project, you do not

need to submit another PERF. We require one PERF be submitted for each project.

If you have PERF questions, contact the specialist for the appropriate program:

For CWFP PERFs, Ken Hollenzer at (608) 266-7542 or kenneth.hollenzer@dnr.state.wi.us.

For LRLP PERFs, Maureen Hubeler at (608) 266-0849 or maureen.hubeler@dnr.state.wi.us.

For SDWLP PERFs, Jeanne Cargill at (608) 267-7587 or jeanne.cargill@dnr.state.wi.us.

Form Updates

From time to time changes are made to the ITA and PERF forms. We encourage you to visit our program website and check the Forms and Publications page at <http://www.dnr.wi.gov/org/caer/cfa/EL/Forms/forms.html> where you can view and print out ITAs and PERFs for all EIF programs. If you need forms mailed to you, contact Deb Olson at 608-266-5889 or debra.olson@dnr.state.wi.us.

New DBE Solicitation Option

Jeanne Cargill

See the notice attached to this newsletter for important information regarding a revised disadvantaged business solicitation policy. A new option is available to municipalities and prime contractors to help loan applicants comply with requirements regarding procurement of minority- and women-

business enterprises and small businesses in rural areas (MBE/WBE/SBRAs).

When your municipality awards prime contracts, or your prime contractor awards subcontracts for an Environmental Improvement Fund (EIF) project, you must make a good faith effort to procure the services of MBEs and WBEs. If your project is an SDWLP project or is a federally funded CWFP project, you must also include SBRAs in your procurement efforts.

The notice also includes information about the Good Faith Certification and other forms municipalities are required to submit for an EIF project. We encourage you to read the notice in its entirety.

If you have questions regarding MBE/WBE/SBRA requirements, contact your project manager, or Meja Maka at 608-266-9193 or meja.maka@dnr.state.wi.us. ☐

SDWLP SFY 06 Funding List

Jeanne Cargill

The Safe Drinking Water Loan Program (SDWLP) Funding List for State Fiscal Year (SFY) 2006 was published online at <http://www.dnr.wi.gov/org/caer/cfa/EL/Section/Newsletters/newsletters.html> and is included in the appendix of this issue of *Loan Interests*. The list includes 12 projects for which the SDWLP received applications by April 30, 2005, requesting a total \$45,297,832 of financial assistance.

Six projects on the list fall within the fundable range, with only partial funding available for Menasha's Project No. 4845-03. The SDWLP allocated \$26,726,776 of available funds to these

six projects as indicated in the column labeled "Funds Available for this Municipality". The federal government requires the SDWLP to allocate a minimum of 15% of the funds available in each fiscal year to public water systems that regularly serve fewer than 10,000 persons. In order to meet this requirement on the SFY 2006 funding list, we allocated funds to three projects with lower scores than larger projects on the list to which we are not providing full funding. We do not expect to have additional funds available in SFY 2006 for the remaining projects on the list.

However, as stated in the SDWLP Funding Policies for SFY 2006 (published in *Loan Interests* Issue No. 140 in June 2005), if a project in the SFY 2006 fundable range:

- 1) does not use all of the funding it is allocated,
- 2) fails to execute a loan on or before April 30, 2006, or
- 3) is allocated funding that is later reduced in accordance with ss. NR 166.26(3)(b) to (h), Wis. Adm. Code, then DNR and DOA will reallocate the unused funding to the next highest ranked, eligible project(s) on the funding list, in accordance with s. NR 166.26, Wis. Adm. Code. The SDWLP will make any such funds available first to the City of Menasha in order to provide full funding for its project.

Applying in SFY 2007

If you're interested in applying for SFY 2007 funds from the SDWLP, your local governmental unit must submit the following to DNR:

- an SDWLP Notice of Intent to Apply form (ITA – Form 8700-260), postmarked by December 31, 2005;
- an SDWLP Priority Evaluation and Ranking Form (PERF – Form 8700-265), postmarked by December 31, 2005; (unless you submitted a PERF in the past for the same project and the project has not changed); and

- an SDWLP Financial Assistance Application (Form 8700-262) and related documents, postmarked by April 30, 2006.

If your project is included on the SFY 2006 SDWLP Funding List but is not in the fundable range and you are still interested in obtaining SDWLP financial assistance for your project, you must submit a new ITA and Financial Assistance Application by the deadline dates indicated above.

Calendar of Events

December 31, 2005

ITAs and PERFs

Deadline for CWFP, SDWLP, and LRLP

January 13, 2006

**Applications on the web for
UNPS and TRM grant programs
(see article in Appendix)**

SDWLP forms are available on our website at

<http://www.dnr.wi.gov/org/caer/cfa/EL/FORMS/forms.html>, or contact Deb

Olson at (608) 266-5889 or debra.olson@dnr.state.wi.us if you need forms mailed to you.

If you have questions about the SDWLP, contact Jeanne Cargill at (608) 267-7587 or jeanne.cargill@dnr.state.wi.us.

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SFY 06 Hardship Funding List

Jeanne Cargill

The Clean Water Fund Program's (CWFP) State Fiscal Year 2006 Hardship Financial Assistance Funding List includes one municipality—the Village of Melvina in Monroe County. The total estimated cost for Melvina's CWFP Project No. 5217-01 is \$2,290,000.

Melvina is currently an unsewered community. The project consists of constructing a sanitary sewer collection and conveyance system to hook into a new regional wastewater treatment plant to be located between the Villages of Melvina and Cashton.

The CWFP allocated to Melvina \$1,394,610 of hardship financial assistance present value subsidy (PV) and \$208,390 of commitment PV. The CWFP project manager and the Department of Administration, however, must further review application materials for the project before making final determinations regarding eligible costs and project affordability. The Village expects to receive a portion of the funding for its wastewater project from the USDA Rural Utilities Service. The USDA is also financing a new water system in Melvina.

In order to be placed on the Hardship Financial Assistance Funding List, a municipality's median household income (MHI) must be 80% or less of the state's MHI and the estimated annual charge to residential users in the municipality after the project is complete must be greater than 2% of the municipality's MHI. The goal of hardship financial assistance is to bring the residential user costs down to 2% of the MHI by providing a reduced interest rate loan or a combination of grant and 0% loan. The maximum grant is 70% of the project costs eligible for the below-market interest rate.

If you have questions regarding CWFP hardship financial assistance, contact

Jeanne Cargill at (608) 267-7587 or jeanne.cargill@dnr.state.wi.us. ☐



Grants for Runoff and Storm Water Management

Jeanne Cargill

Are you looking for grant funds to deal with runoff pollution or storm water in your municipality? Some of our coworkers in the Bureau of Community Financial Assistance asked us to provide you with information about their competitive cost-share grant programs.

Grant awards for Targeted Runoff Management (TRM) and Urban Nonpoint Source and Storm Water Management (UNPS) support small-scale, 2-year projects sponsored by local governmental units.

For further information about these grant programs, see the page titled "DNR Grant Programs" in the appendix of this issue of *Loan Interests*. ☐

LRLP Revisions to SFY 05 Funding Policies

Maureen Hubeler

The Land Recycling Loan Program (LRLP) has \$8,497,632 available for State Fiscal Year (SFY) 2005. These funds first became available with the expiration of the SFY 2004 funding list

on July 27, 2005. The revised maximum loan amount for SFY 2005 is \$2,538,071.

Only one application was received for the SFY 2005 funding cycle. The City of New Richmond applied for a loan in the amount of \$3,223,500 for a municipal landfill project. Therefore, the maximum amount of \$2,538,071 is allocated to New Richmond.

If New Richmond does not close on this loan within twelve months of the publication of this funding list, the funds will be allocated to projects on future funding lists.

If you have any questions related to the LRLP or these funding policies, contact Maureen Hubeler at 608-266-0849 or maureen.hubeler@dnr.state.wi.us. ☐

LRLP Funding Policies for SFY 06

Maureen Hubeler

Below are the proposed funding policies for administering the Land Recycling Loan Program (the "LRLP") for State Fiscal Year 2006. The funding policies apply to the SFY 2006 funding list.

Application deadline dates were August 1 and October 1, 2005. The LRLP received three applications totaling \$7,251,430. At this time, there is \$5,959,561 available for allocation to these projects.

Each project on the SFY 2006 funding list will have 12 months from the date of the funding list to close the loan. If any of these projects do not proceed on a schedule that would allow it to close on a loan within 12 months, the funds will be released and be allocated to projects for SFY 2007.

The amount of present value subsidy for the LRLP that was included in the 2005-07 budget is equal to \$2,700,000. No

eligible applicant may receive more than 25% of this established amount of present value subsidy. Therefore, the maximum loan amount for any single applicant is \$1,713,198.

The SFY 2006 funding list for the LRLP is included as an attachment to this newsletter.

If you have any questions related to the LRLP or these funding policies, contact Maureen Hubeler at 608-266-0849 or maureen.hubeler@dnr.state.wi.us. ☐

A New Option for the Equipment Replacement Fund

Jerry Wilson

Traditionally, an *itemized schedule* of sewerage system equipment has been used to develop the annual deposit needed to maintain the Equipment Replacement Fund (ERF). A second option is now available for those municipalities with an annual budget for capital improvements. Under the *percentage schedule* option, a municipality may choose to maintain its ERF based on a percentage of the mechanical equipment balance shown on the municipality's internal financial statement or annual audit.

Under the itemized schedule option, the municipality maintains a schedule showing the type of equipment, purchase date, service life, purchase cost including installation, and the calculated annual deposit needed to replace each piece of equipment based on the anticipated service life. This schedule is updated and the annual deposit adjusted as equipment is replaced, added, or deleted.

With the percentage schedule option, the municipality establishes and maintains a fund balance equal to or exceeding the required minimum percentage of the value of equipment. Annually, the value of equipment is examined and updated as part of the audit function. On the lower part of this page (Page 4) is a table showing the percentage minimums required.

In some cases, employing the percentage schedule option for calculating the required ERF balance may identify surplus funds in the ERF.

Municipalities should consider directing any surplus funds toward maintaining the collection system. The Environmental Protection Agency is preparing to issue Capacity, Management, Operation and Maintenance (CMOM) requirements that will most likely require regular examination and replacement of aging pipes. Careful consideration should be given to reserving any surplus ERF funds to meet the imminent CMOM requirements.

If you have questions, contact Jerry Wilson at 608-264-8986 or gerald.wilson@dnr.state.wi.us. ☐

Mechanical Equipment Assets*	Percent Requirement for ERF
\$0 - \$1,000,000	50%
\$1,000,001 - \$3,000,000	40%
\$3,000,001 - \$5,000,000	30%
\$5,000,001 - \$10,000,000	20%
\$10,000,001 - \$20,000,000	10%
\$20,000,001 - \$30,000,000	7%
Over \$30,000,000	5%
*Amount prior to depreciation	